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E.O. 11652: N/A
TAGS: AFSP, GY
SUBJECT: EQUIPMENT REPLACEMENT - AIRCRAFT ENGINE
1. TASK FORCE IN WASHINGTON IS STILL LOOKING INTO MATTER OF A REPLACEMENT ENGINE FOR THE DEHAVILLAND OTTER AIRCRAFT DAMAGED IN THE KAITUMA AIRPORT INCIDENT.
2. MEANWHILE, PRATT AND WHITNEY OF CANADA ADVISES US THAT A NEW ENGINE IS IMMEDIATELY AVAILABLE AT A COST OF APPROXIMATELY DOLS 100,000. COMPANY DOUBTS, HOWEVER, THAT NEW ENGINE NECESSARY AND RECOMMENDS GUYANA AIRLINES
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(OR USG IF INTERESTED) FOLLOW THE MORE USUAL PATTERN OF (A) RENTING REPLACEMENT ENGINE AT COST OF DOLS 5,000; (B) RETURNING DAMAGED MOTOR TO COMPANY FOR OVERHAUL AT COST RANGING FROM FEW THOUSAND DOLLARS FOR MINOR REPAIRS TO ABSOLUTE MAXIMUM OF DOLS 40,000 FOR COMPLETE OVERHAUL; (C) EXCHANGING REPAIRED AND RENTED MOTORS.
3. THE ESTIMATED ONE-WAY AIR FREIGHT CHARGE FOR SHIPPING THE MOTOR EITHER FROM CANADA TO GUYANA OR THE REVERSE IS DOLS 500, OR A TOTAL OF DOLS 2,000 FOR TWO EXCHANGE SHIPMENTS.
4. GIVEN THE LOGIC OF THE COMPANY'S SUGGESTED COURSE OF ACTION, WE ARE EXPLORING WHETHER USG CAN AND SHOULD RESPOND TO GOG REQUEST FOR NEW ENGINE AND, IF SO, HOW WE CAN ACHIEVE THAT GOAL. THE PROBLEM IS BEING STUDIED, AND WE WILL ADVISE SOONEST HOW WE CAN PERHAPS BE HELPFUL.
5. OUR DELIBERATIONS HAVE INEVITABLY INCLUDED CONSIDERATION OF THE BASIC QUESTION OF WHETHER THE TERMS OF THE CHARTER CONTRACT PLACE ON USG ANY LEGAL RESPONSIBILITY TO REPAIR DAMAGED AIRCRAFT OR ENGINE. IT IS ASSUMED,
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BUT WE ARE BY NO MEANS CERTAIN, THAT THE GUYANESE AIRLINE CARRIED INSURANCE WHICH WOULD LEGITIMATELY COVER REPLACEMENT/REPAIR/RENTAL COSTS IN SITUATIONS OF THIS KIND. INFORMATION AVAILABLE TO THE EMBASSY ON THIS POINT WILL BE USEFUL AND IS REQUESTED URGENTLY. CHRISTOPHER

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